Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1337 (Richardson) – As Amended June 29, 2026

Policy Committee: Utilities and Energy Vote: 18 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires, by January 31, 2029, the California Energy Commission (CEC) enter into a memoranda of understanding (MOU) with relevant air districts and local governments with transportation fuels refining facilities within their jurisdictions to enable the coordination needed to ensure the transportation fuels sector is successfully managed and maintains environmental, public health, labor, economic and consumer protections.

FISCAL EFFECT:

This bill would require significant ongoing administrative and analytical work of the CEC to develop MOUs and work with relevant air districts. The CEC estimates these costs at $220,000 annually ongoing for one specialist ($185,000) and supporting contracts ($35,000) (Energy Resource Program Account (ERPA) Fund) to lead and coordinate the MOU process, conduct policy and regulatory work, engage partner agencies, develop MOU language, and prepare related briefings and work products. The CEC contends the specialist's work would continue after signing of the MOUs, to manage, update, implement and monitor the work, and work products, of the air districts.

The CEC warns that the ERPA Fund, it's main funding source, faces a structural deficit.

COMMENTS:

1) **Purpose.** The author intends this bill to help the state manage its transition away petroleum fuels by strengthening coordination and communication among state government and local governments.

2) **Background.** As many, many others have said, California is a fuel island. Not an actual island, but like an island: the state's unique fuel blend (the California Reformulated Blendstock for Oxygenate Blending, or CARBOB), the scarcity of out-of-state refiners that are capable of producing CARBOB, limited rail capacity and pipelines that flow out of, but not into, the state. Add to this a limited, and shrinking, number of in-state petroleum refiners. These factors, together, isolate California from large volumes of readily available gasoline imports. They also make California susceptible to gasoline price spikes when, for example, an in-state refinery outage suddenly reduces the supply of CARBOB.

In addition, the state's clean energy goals—buttressed by a Governor's executive order—calls for curtailing the sale of internal-combustion-engine passenger vehicles by the middle of the coming decade.

In this context, the Legislature passed SB 237 (Grayson), Chapter 118, Statutes of 2025, which, among other things, directed the CEC to submit an assessment to the Legislature that evaluates recommendations and strategies suggested in a letter, dated June 27, 2025, from CEC Vice Chair Gunda to the Governor to ensure adequate transportation fuels supply during "the state's clean energy transition."

In May of this year, the CEC released its draft SB 327 assessment, in which the CEC, among other things, recommends the formalization of "coordination protocols between state agencies… and relevant air districts and local governments, with clear accountability, defined response timelines for coordination requests, and public-facing reporting on project status."

This bill is consistent with the CEC's recommendation. However, the CEC asserts it sees "technical challenges" with the bill, as worded, that make it "difficult to implement." The CEC has suggested changes to the author that would, in the CEC's view, resolve these challenges. The CEC summarizes those changes as follows:

- Specify that the CEC must seek to develop an MOU with an air district or local governments, rather require the CEC to develop an MOU with such an entity.

- Authorize the CEC to identify relevant air districts and local governments with transportation fuels refining facilities within their jurisdictions.

- Not overstate the potential benefits of MOUs.

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